



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CAMPAIGN & POLITICAL FINANCE

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MICHAEL J. SULLIVAN

DIRECTOR

February 1, 1995
AO-95-04

Mr. Donald H. Veach
1558 Massachusetts Avenue
Cambridge, MA 02138

Re: Save Our Communities Coalition (CPF ID# 95196X);
Campaign for Affordable Housing and Tenant Protections
(CPF ID# 95181X)

Dear Mr. Veach:

This letter is in response to your January 6, 1995 request for an advisory opinion regarding the referenced ballot question committees.

You have asked whether the Save Our Communities Coalition ("SOCC") can acquire the assets and liabilities of the Campaign for Affordable Housing and Tenant Protections ("CAHTP"). You are the treasurer of both committees. The balance in the SOCC account as of December 31, 1994 was \$701.36, but the total liabilities of the committee as of that date were \$25,589.71. The balance in the CAHTP account on the same date was \$849.28, and the liabilities of that committee were \$15,000. You state that consolidation would "facilitate the retirement of debt of both organizations using one organization."

Chapter 43 of the Acts of 1994 added s. 6B to M.G.L. c. 55, the campaign finance law. Section 6B states that a ballot question committee shall not "[c]ontribute to any other political committee, except that it may contribute to another ballot question committee if such contribution is consistent with the purpose for which it was organized. . . [In addition, a ballot question committee may not] make any expenditure inconsistent with the purpose for which it was organized." Chapter 55 does not specifically address the transfer of liabilities from one ballot question committee to another, but such transfer, if both committees were organized for the same purpose, would be consistent with section 6B.

The purpose of SOCC, according to the organization's statement of organization, is "to oppose a ballot question that would prohibit rent control." The purpose of CAHTP is "to support rent control and affordable housing; [and] to oppose petition 93-19." In short, each committee was organized to oppose Question 9 on the November 1994 statewide ballot.

Accordingly, CAHTP can use its \$849.28 balance to reduce its \$15,000 indebtedness to \$14,150.72, which liability can then be transferred to SOCC. Both committees must fully report the transaction on the campaign finance reports, Form CPF 102B, filed after the transfer.

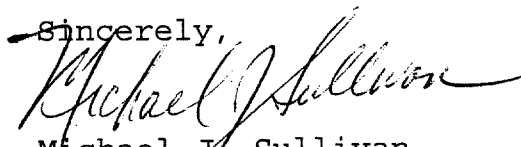
The transaction would be documented in CAHTP's dissolution campaign finance report as follows: (1) Schedule B (expenditures) would reflect the expenditure of \$849.28 to a creditor or creditors of CAHTP, reflecting the reduction of the indebtedness of CAHTP; (2) Schedule C (in-kind contributions) would reflect an in-kind contribution of \$14,150.72 (the liabilities assumed by SOCC), including a note on the report that the liability is an "assumption" of CAHTP's liability by SOCC; (3) Schedule D (liabilities) would reflect no remaining liabilities; and (4) lines 1 - 8 on page 1 of the report would be completed to reflect the transfer.

Finally, SOCC would complete its next monthly campaign finance report as follows: (1) Schedule D (liabilities) would reflect an additional liability of \$14,150.72; and (2) lines 1-8 on page 1 of the report would be completed.

Political committees with outstanding indebtedness cannot generally dissolve until the indebtedness is settled. See 970 CMR 1.03. The anticipated transfer of indebtedness, however, will allow CAHTP's indebtedness to eventually be satisfied, and should not prohibit CAHTP from dissolving, assuming that CAHTP's creditors are informed of the transfer.

This opinion has been rendered solely on the basis of representations made in your letter, and solely in the context of M.G.L. c. 55.¹ Please do not hesitate to contact the office if you have any additional questions.

Sincerely,



Michael J. Sullivan
Director

MJS/cp

¹ We assume that after CAHTP's debt is transferred, SOCC will eventually pay the assumed debts. We have not considered whether creditors might be entitled to recover from a principal of CAHTP under a contract, or the relevance of the common law or statutes other than the campaign finance law. You should note, however, that if any part of the transferred indebtedness is eventually satisfied or forgiven by any party other than SOCC, whether after a judgment or otherwise, SOCC would be required to report the payment to OCPF as a contribution.